MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

DFA5024 – FINANCIAL ACCOUNTING 2

(All Sections / Groups)

12 JULY 2023
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 6 pages with 4 questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

QUESTION 1

Part A

Frenzy Trading involves merchandising operations since year 2015. The company sells women's clothing to retailers in Melaka and gets the supplies from manufacturers and wholesalers in Melaka and Johor.

Presented below are the transactions related to Frenzy Trading with one of its suppliers, Janna & Co. for the month of March 2023:

March 4	Purchased merchandise on credit from Janna & Co. for RM16,600, FOB shipping point, term 2/15, n/40. The cost of the merchandise is RM10,300.
	The freight charges of RM400 was paid by the appropriate party on the same date.
7	Returned inferior quality merchandise amounting to RM1,200 to Janna & Co. The cost of the returned goods is RM700.
15	Purchased merchandise on cash from Janna & Co. amounting RM5,500, FOB destination. The cost of the merchandise is RM3,000. The appropriate party has paid the freight charges of RM150.
18	Frenzy Trading paid the amount owed to Janna & Co. in full.
20	Damaged goods totaling RM500 were returned to Janna & Co. The scrap value of the goods is RM100.

Required

Prepare the journal entries for the above transactions in the book of:

(a) Frenzy Trading. (6.5 marks)

(b) Janna & Co. (10.5 marks)

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Part B

The following are the account balances of Teesera Enterprise as at 31 December 2022:

Account titles	Balance (RM)
Cost of Goods Sold	40,430
Ending Inventory in hand	8,660
Ending Inventory per book	9,040
Freight Out	600
Insurances Expenses	5,500
Owner's Drawings	2,400
Rental Expenses	33,600
Sales Revenue	158,450
Sales Discount	1,030
Salary Expenses	21,600
Utility Expenses	16,250

Required

(a) Prepare an adjusting entry for inventory. (1 mark)

(b) Prepare the closing entries. (7 marks)

(Total: 25 marks)

QUESTION 2

Lily is the owner of Lily Rahman Boutique located in Ampang, Selangor. She is a graduate in fashion design, therefore she lacks knowledge in maintaining a proper accounting record and the double entry system for her business. She only recorded her business transactions by using a single entry method and she did not realise that she had to record cash drawings.

The following is a summary of her business bank account for the year 2022:

Bank

	(RM)		(RM)
Balance b/d	58,200	Account payable	36,700
Account receivable	25,400	Advertising expense	5,450
Loan from Anne	33,000	Miscellaneous expenses	1,850
		Rental expenses	15,000
		Cash withdrawn from bank	7,800
		Drawings	4,200
		Balance c/d	45,600
	116,600		116,600

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Besides that, she also provided the following information related to cash transactions of her boutique:

Cash payment		Cash receipt	
Account payable	RM5,350	Cash sales	RM24,630
Cash purchase	RM4,630		
Miscellaneous expense	RM670		

Lily Rahman Boutique's assets and liabilities are as follows:

Account title	31 December 2021 (RM)	31 December 2022 (RM)
Account receivable	12,460	42,320
Account payable	8,550	13,100
Accrued advertising	2,500	1,640
Cash in hand	12,890	17,980
Inventory	32,440	35,920
Fixtures and fittings (book value)	40,600	38,400
Prepaid rental	4,200	2,800

Required

(a) Prepare the Statement of Affairs as at 31 December 2021 (5 marks)

(b) Prepare ledger for the cash account. (4 marks)

(c) Prepare ledger for the account payable and account receivable. (4.5 marks)

(d) Prepare the Statement of Profit and Loss for the year ended 31 December 2022. (5 marks)

(e) Prepare the Statement of Financial Position as at 31 December 2022. (6.5 marks)

(Total: 25 marks)

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QUESTION 3

Part A

Gamuda Company uses the allowance method in accounting for its uncollectible accounts. Past experience indicates that 2.5% of net credit sales will eventually be uncollectible. Below are the selected account balances as at 31 December 2021 and 31 December 2022:

Account title	31 Dec 2021 (RM)	31 Dec 2022 (RM)
Net Credit Sales	480,000	685,000
Account Receivable	242,000	298,000
Allowance for Doubtful Accounts	9,650	?

During the year 2022, the following transactions incurred by the company:

Feb 12	Received notification that the account of Emerald Enterprise amounting RM1,800 is uncollectible.
June 30	Accepted Alpha Company's RM30,000, 4 months, 6% note for balance due.
Aug 22	Received a cheque for RM1,000 as payment on account from Emerald Enterprise, whose account had previously been written off as uncollectible. The company promised to settle the remaining balance in October.
31	Factored RM58,000 of its account receivable to Vision Finance House. Vision Finance House assessed a service charge of 2.5% of the amount of receivable sold.
Oct 10	Received a payment from Emerald Enterprise as settlement of the amount due.
31	Received payment in full from Alpha Company on the amount due.
Nov 1	Sold RM32,000 of merchandise to Hilly Company and accepted a 5-month, 9% note for the amount due.
Dec 31	Accrued the interest on Hilly Company's note.

Required

(a) Record the above transactions for the year 2022. (10 marks)

(b) Prepare the adjusting journal entry to record the bad debt provision for the year ended 31 December 2022. (1 mark)

(c) Determine the balance of Allowance for Doubtful Accounts as at 31 December 2022. (2.5 marks)

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Part B

Furama Company uses double-declining method of depreciation for their assets. The company's fiscal year ended is on 30 September every year. On 1 April 2020, Furama Company acquired a multi-purpose vehicle costing RM220,000. The vehicle is expected to have 20 years of useful life with the salvage value of RM4,000 at the end of the asset's useful life. On 1 April 2023, Furama Company sold the vehicle at a selling price of RM175,000.

Required

(a) Compute the amount of accumulated depreciation until the date of disposal. Provide your answer in table form. (7.5 marks)

(b) Prepare journal entries to record the sale of vehicle. Provide workings on gain or loss on the disposal. (2 marks)

Part C

Identify the type of expenditures that should be included in the acquisition cost of property, plant, and equipment. (2 marks)

(Total: 25 marks)

QUESTION 4

Part A

The financial information of Olive Company as at 31 December are as below:

Account title	2022 (RM)	2021 (RM)
Cash	68,260	33,230
Account receivable	64,720	15,600
Inventory	63,780	50,120
Account payable	32,500	24,880
Rental payable	8,750	10,100

Additional information:

1	Sales revenues and cost of goods sold were RM825,360 and RM407,880 respectively.
2	Operating expenses were RM289,640 including depreciation RM72,000 and gain from sale of vehicle RM4,360. The vehicle was sold for RM34,400 by cash.
3	A new vehicle was purchased at a cost of RM85,800.
4	Purchased land by issuance of bonds RM900,000.
5	Dividends declared and paid in 2022 amounted RM32,000.
6	Income tax expense paid in 2022 was RM20,540.

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Required

Prepare a Statement of Cash Flows for 2022 using the direct method. (20 marks)
Show all the workings.

Part B

(a) Briefly explain the **THREE (3)** factors that need to be considered to compute depreciation. (3 marks)

(b) Identify any **TWO (2)** differences between capital expenditure and revenue expenditure. (2 marks)

(Total: 25 marks)

End of Paper